

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 STR-07 COME-00 AGRE-00
CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 JUSE-00 AF-10 ARA-10 EA-10 NEA-10 STRE-00
/166 R

DRAFTED BY EB/OT/TA:AWOODS:LPP
APPROVED BY EB/OT/TA:HKOPP
EUR/CAN:JROUSE
COMMERCE:DSCHLECHY
STR:BSEASTRUM
STR:TSTEWART
AGRICULTURE:RSCHROETER
AGRICULTURE:GSINDEL
EB/OPF:JBOYLE
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USMTN

E.O. 11652: N/A

TAGS: ETRD, EARG, CA, MTN, GATT

SUBJECT: US-GOC AGRICULTURAL CONSULTATIONS

1. SUMMARY: US AND CANADIAN DELEGATIONS MET APRIL 12
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REGARDING 1) US SALES OF NON-FAT-DRY-MILK TO MEXICO; 2)
THE GOC'S PROPOSED SUPPLY MANAGEMENT SCHEME FOR BROILERS
AND 3) CANADA'S PENDING TARIFF INCREASES FOR FRUIT AND
VEGETABLE IMPORTS. NFDI: CANDEL REQUESTED FURTHER CON-
SULTATIONS ON NON-FAT-DRY-MILK SALES: USDEL AGREED TO
REFER GOC PROPOSAL TO INTERESTED USG AGENCIES BUT NOTED
OUR RESERVATIONS ABOUT CONSULTATIONS DIRECTED AT MARKET

SHARING. BROILERS: CANDEL REPORTED THAT GOC WILL PROCEED WITH IMPLEMENTATION OF PLAN AND WOULD BE MEETING WITH US LATER TO DISCUSS SIZE AND PRODUCT DISTRIBUTION OF OUR QUOTA. FRUITS AND VEGETABLES: CANDEL SAID GOC "MAY BE FORCED TO" IMPLEMENT LIST OF PENDING TARIFF INCREASES DESPITE USG CONCERNS ABOUT ADVERSE EFFECT OF CANADIAN ACTION ON US EXPORTS AND ON MTN. GOC MIGHT LOWER TARIFF ON POTATOES IF USG ELIMINATES ITS TARIFF-RATE QUOTA ON POTATOES DURING THE MTN. END SUMMARY.

2. US AND CANADIAN DELEGATIONS MET APRIL 12 AT GOC REQUEST TO DISCUSS US SALES OF NON-FAT-DRY-MILK TO MEXICO, A NATIONAL SUPPLY MANAGEMENT SCHEME FOR BROILERS INVOLVING

IMPORT CONTROL, AND PENDING CANADIAN TARIFF INCREASES ON FRUITS AND VEGETABLE IMPORTS. DR. GERRY TRANT, ASSISTANT DEPUTY MINISTER (ECONOMICS) AGRICULTURE CANADA AND ROBERT E. LATIMER, ASSISTANT DEPUTY MINISTER FOR INTERNATIONAL TRADE RELATIONS, INDUSTRY, TRADE, AND COMMERCE CO-CHAIRLED THE CANADIAN DELEGATION. STEPHEN BOSWORTH, DEPUTY ASSISTANT SECRETARY OF STATE FOR ECONOMIC AND BUSINESS AFFAIRS AND THOMAS SAYLOR, DEPUTY ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE, USDA, CO-CHAIRLED US DELEGATION.

3. US SALES OF NON-FAT-DRY-MILK TO MEXICO:
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USDEL REVIEWED US JUSTIFICATION FOR MEXICAN NON-FAT-DRY-MILK SALE, CITING OUR ROLE AS TRADITIONAL SUPPLIER TO MEXICO AND THE NON-COMMERCIAL NATURE OF THE SALE. CANDEL REJECTED US DISTINCTION BETWEEN "COMMERCIAL" AND "NON-COMMERCIAL" SALES AND EXPRESSED ITS CONCERN REGARDING PRICE DEPRESSING EFFECT OF ADDITIONAL US SALES TO MEXICO. PRINCIPAL THRUST OF CANADIAN PRESENTATION WAS REQUEST FOR CONSULTATIONS WITH THE US BEFORE SIGNIFICANT NFDM SALES IN ORDER TO

"(1) EXCHANGE PRICING INFORMATION

(2) EXPLORE MEANS OF DISPOSAL OF NON-FAT-DRY-MILK AND

(3) EXCHANGE INFORMATION ON ABSORPTIVE CAPACITY OF OTHER MARKETS."

USDEL AGREED TO REFER CANADIAN PROPOSAL TO INTERESTED USG AGENCIES BUT NOTED USG RESERVATIONS ABOUT CONSULTATIONS DIRECTED AT MARKET SHARING RATHER THAN EXCHANGE OF INFORMATION. CANDEL REQUESTED A RESPONSE "BEFORE NEXT

US SALE." (FYI: THIS MATTER IS NOW BEING CONSIDERED, BUT WE HAVE NOT YET FIXED A DATE FOR RESPONDING TO THE CANADIAN REQUEST. END FYI.)

4. TARIFF INCREASES ON FRUITS AND VEGETABLES:

USDEL STRONGLY STATED ITS OPPOSITION TO THE GOC'S PENDING TARIFF INCREASES FOR FRUITS AND VEGETABLES. USDEL NOTED THAT IMPLEMENTATION OF THE PROPOSED INCREASES, WHICH WOULD ADVERSELY AFFECT OVER 300 MILLION DOLLARS OF US EXPORTS, WOULD 1) AFFECT THE ONGOING MTN IN GENERAL AND THE MAINTENANCE OF OUR GENEROUS AGRICULTURAL OFFER SPECIFICALLY; 2) FUEL CONGRESSIONAL SENTIMENTS FOR PROTECTIONIST ACTIONS; 3) FORCE THE US TO SEEK COMPEN- LIMITED OFFICIAL USE

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SATION UNDER GATT ARTICLE XXVIII FOR CANADIAN ACTIONS FOR

PERHAPS WITHDRAWING CONCESSIONS; AND 4) FORCE US RETALIATION AGAINST THE GATT-ILLEGAL AUTOMATIC SURTAX ENVISIONED IN THE PLAN. CANDEL TOOK IMMEDIATE AND FORCE- FULL EXCEPTION TO US VIEW THAT PROPOSED INCREASES WOULD DAMAGE MTN, CITING POSSIBLE US TRADE RESTRICTIONS AS A RESULT OF PENDING ESCAPE CLAUSE ACTIONS ON ZINC AND COPPER, AND MAINTAINING THAT TARIFF INCREASES ARE FULLY JUSTIFIED DUE TO DEPRESSED STATE OF CANADIAN INDUSTRY. CANDEL TABLED A REVISED LIST OF THE PROPOSED INCREASES. CANDEL DID SHOW WILLINGNESS TO DECREASE ITS POTATO TARIFF AND FOREGO OTHER TRADE RESTRICTIVE MEASURES AFFECTING POTATO IMPORTS IF THE US WILL GIVE UP IT'S TARIFF RATE QUOTA ON POTATOES IN THE MTN. USDEL AGREED TO FURTHER CONSULTATIONS ON THE ISSUE FOLLOWING USG STUDY OF THE REVISED PRODUCT LIST AND RECEIPT OF FURTHER INFORMATION FROM THE GOC. (FYI. THE LIST CANDEL TABLED AND NOTIFIED TO GATT REFLECTS A CONFIDENTIAL GOC REVISION OF THE PRODUCT COVERAGE OUTLINED IN 1977 TARIFF BOARD REPORT. OUR PRELIMINARY ANALYSIS INDICATES THAT OVER 490 MILLION DOLLARS IN US EXPORTS TO CANADA MAY BE ADVERSELY AFFECTED. LIST POUCHED TO ERICSON. END FYI.)

5. NATIONAL SUPPLY MANAGEMENT SCHEME FOR BROILERS:

CANDEL INFORMED USDEL THAT NATIONAL SUPPLY MANAGEMENT SCHEME WOULD BE IMPLEMENTED WITHIN SEVERAL MONTHS DUE TO THE DEPRESSED STATE OF THE CANADIAN BROILER INDUSTRY. FOLLOWING DISTRIBUTION OF PROVINCIAL QUOTAS, US AND GOC WILL MEET AT TECHNICAL LEVEL TO DISCUSS SIZE AND PRODUCT DISTRIBUTION OF US QUOTA. USDEL SOUGHT LIMITED OFFICIAL USE

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INFORMATION REGARDING DETAILS OF THE PLAN, PARTICULARLY REGARDING THE PRODUCT COVERAGE, THE TREATMENT OF NON-PARTICIPATING PROVINCES, THE BASE PERIOD TO BE USED FOR CALCULATION OF THE QUOTAS AND THE PROBABILITY OF FIRST RECEIVERSHIP BY A NATIONAL BROILER BOARD (CANDEL REPORTED THAT FIRST RECEIVERSHIP IS NOT ENVISIONED IN THE PLAN). VANCE

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Message Attributes

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Control Number: n/a
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Draft Date: 27 apr 1978
Decaption Date: 01 jan 1960
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Disposition Action: RELEASED
Disposition Approved on Date:
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TAGS: ETRD, EAGR, CA, US, MTN, GATT
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